

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Osceola Township	County Osceola
Audit Date 3/31/04	Opinion Date 6/22/04	Date Accountant Report Submitted to State: 7/20/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) BAIRD, COTTER AND BISHOP, P.C.			
Street Address 134 W. HARRIS STREET		City CADILLAC	State MI
Accountant Signature 		ZIP 49601	Date 7/20/04

OSCEOLA TOWNSHIP, OSCEOLA COUNTY

EVART, MICHIGAN

MARCH 31, 2004

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

MARCH 31, 2004

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGES</u>
Independent Auditors' Report		1
 <u>GENERAL-PURPOSE FINANCIAL STATEMENTS</u>		
Combined Statement of Assets and Liabilities Arising from Cash Transactions - All Fund Types and Account Group	A	2-3
Statement of Cash Receipts, Disbursements and Changes in Balance - Governmental Fund Type - General Fund	B	4
Statement of Cash Receipts, Disbursements and Changes in Balance - Budget and Actual - Governmental Fund Type - General Fund	C	5
Notes to Financial Statements		6-12
 <u>FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS</u>		
	<u>STATEMENT</u>	
 <u>General Fund</u>		
Statement of Assets and Liabilities Arising from Cash Transactions	1	13
Statement of Cash Receipts, Disbursements and Changes in Balance - Budget and Actual	2	14
Analysis of Cash Receipts	3	15
Analysis of Cash Disbursements	4	16-18
 <u>Agency Fund</u>		
<u>Current Tax Collection Fund</u>		
Statement of Assets and Liabilities Arising from Cash Transactions	5	19
Statement of Cash Receipts, Disbursements and Changes in Balance	6	20
 <u>General Fixed Assets Group of Accounts</u>		
Statement of Changes in General Fixed Assets	7	21
 <u>OTHER INFORMATION</u>		
Statement of 2003 Tax Roll	8	22
Letter of Comments and Recommendations		23-24
Letter of Reportable Conditions		25-26

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 22, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Osceola Township
Osceola County
Ewart, Michigan

We have audited the accompanying general-purpose financial statements of Osceola Township, Osceola County, Ewart, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Osceola Township, Osceola County, Ewart, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

THIS PAGE INTENTIONALLY LEFT BLANK

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES AND ACCOUNT GROUP

MARCH 31, 2004

	<u>GOVERNMENTAL</u> <u>FUND TYPE</u> <u>GENERAL</u>	<u>FIDUCIARY</u> <u>FUND TYPE</u> <u>AGENCY</u>
<u>ASSETS</u>		
<u>ASSETS</u>		
Cash		
Commercial Account	\$ 143,924	\$ 0
Money Market Account	8,143	1,370
Savings Account	3,409	0
Certificates of Deposit	124,787	0
Taxes Receivable	2,955	0
Land	0	0
Buildings	0	0
Machinery and Equipment	0	0
Furniture and Fixtures	0	0
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 283,218</u>	<u>\$ 1,370</u>
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 2,955	\$ 0
Payroll Withholdings	847	0
	<hr/>	<hr/>
Total Liabilities	<u>\$ 3,802</u>	<u>\$ 0</u>
<u>EQUITY</u>		
Investment in General		
Fixed Assets	\$ 0	\$ 0
Balance		
Reserved for Cemetery		
Perpetual Care	563	0
Unreserved	278,853	1,370
	<hr/>	<hr/>
Total Equity	<u>\$ 279,416</u>	<u>\$ 1,370</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 283,218</u></u>	<u><u>\$ 1,370</u></u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

<u>ACCOUNT GROUP</u>	
<u>GENERAL FIXED ASSETS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
\$ 0	\$ 143,924
0	9,513
0	3,409
0	124,787
0	2,955
24,600	24,600
27,378	27,378
11,056	11,056
5,386	5,386
<u>\$ 68,420</u>	<u>\$ 353,008</u>
\$ 0	\$ 2,955
0	847
<u>\$ 0</u>	<u>\$ 3,802</u>
\$ 68,420	\$ 68,420
0	563
0	280,223
<u>\$ 68,420</u>	<u>\$ 349,206</u>
<u>\$ 68,420</u>	<u>\$ 353,008</u>

The accompanying notes are an integral part of these financial statements.

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
GOVERNMENTAL FUND TYPE
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes	\$ 34,159
Licenses and Permits	1,375
State Grants	78,857
Charges for Services	631
Interest and Rents	3,771
Other Receipts	6,830
	<hr/>
Total Receipts	\$ 125,623

DISBURSEMENTS

Legislative	
Township Board	\$ 3,783
General Government	
Supervisor	8,940
Assessor	9,675
Clerk	10,500
Board of Review	950
Treasurer	10,289
Building and Grounds	10,486
Public Safety	13,916
Community and Economic Development	4,878
Recreation and Cultural	5,681
Other Functions	2,670
	<hr/>
Total Disbursements	\$ 81,768

Excess of Receipts Over (Under) Disbursements	\$ 43,855
---	-----------

<u>BALANCE</u> - April 1, 2003	<hr/> 235,561
--------------------------------	---------------

<u>BALANCE</u> - March 31, 2004	<hr/> <hr/> \$ 279,416
---------------------------------	------------------------

The accompanying notes are an integral part of these financial statements.

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
GOVERNMENTAL FUND TYPE
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 17,758	\$ 34,159	\$ 16,401
Licenses and Permits	1,724	1,375	(349)
State Grants	74,828	78,857	4,029
Charges for Services	466	631	165
Interest and Rents	4,224	3,771	(453)
Other Receipts	8,620	6,830	(1,790)
Total Receipts	<u>\$ 107,620</u>	<u>\$ 125,623</u>	<u>\$ 18,003</u>
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 4,707	\$ 3,783	\$ 924
General Government			
Supervisor	4,311	8,940	(4,629)
Election	172	0	172
Assessor	13,480	9,675	3,805
Clerk	9,377	10,500	(1,123)
Board of Review	1,040	950	90
Treasurer	9,926	10,289	(363)
Building and Grounds	11,582	10,486	1,096
Public Safety	13,276	13,916	(640)
Public Works	81,459	0	81,459
Community and Economic Development	5,030	4,878	152
Recreation and Cultural	6,034	5,681	353
Other Functions	2,975	2,670	305
Total Disbursements	<u>\$ 163,369</u>	<u>\$ 81,768</u>	<u>\$ 81,601</u>
Excess of Receipts Over (Under) Disbursements	\$ (55,749)	\$ 43,855	\$ 99,604
<u>BALANCE - April 1, 2003</u>	<u>235,561</u>	<u>235,561</u>	<u>0</u>
<u>BALANCE - March 31, 2004</u>	<u>\$ 179,812</u>	<u>\$ 279,416</u>	<u>\$ 99,604</u>

The accompanying notes are an integral part of these financial statements.

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Osceola Township is a general law township located in Osceola County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debt which would be required to be reported in the General Long-Term Debt group of accounts.

The Township has the following fund types and account groups:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Township's Investment Policy states that the Township Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution. Authorized depositories shall be designated by the Township Board at the Board's organizational meeting after each regular election of board members.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in (a).
- (e) Bankers' acceptances of United States banks.
- (f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than 1 standard rating service.
- (g) Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by the Township. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
- (h) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (i) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.111 to 129.118.

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

- (j) The investment pools organized under the Local Government Investment Pool Act, 1985 PA-121, MCL 129.141 to 129.150.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liability recorded is for unremitted payroll tax withholdings.

3. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Fund Equity

Reservations of fund equity represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Use of Estimates

This presentation of financial statements in conformity with generally accepted accounting principles requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reported period. Actual results could differ from those estimates.

6. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year end, the carrying amount of the Township's regular deposits was \$281,633, and the bank balance was \$281,891. Of the bank balance, \$233,093 is covered by federal depository insurance and \$48,798 is uninsured and uncollateralized.

The carrying amount of the Township's deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Citizens Bank		
Evart, Michigan		
Commercial Accounts	\$ 143,924	\$ 0
Savings Account	563	0
Money Market Account	8,143	1,370
Certificates of Deposit	23,017	0

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Chemical Bank		
Evart, Michigan		
Savings Accounts	2,846	0
Certificates of Deposit	101,770	0
	<u>\$ 280,263</u>	<u>\$ 1,370</u>

B. Fixed Assets

Activity in the general fixed assets account group for the Township for the year ended March 31, 2004, was as follows:

<u>GENERAL FIXED ASSETS</u>	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land	\$ 24,600	\$ 0	\$ 0	\$ 24,600
Buildings	27,378	0	0	27,378
Machinery and Equipment	11,056	0	0	11,056
Furniture and Fixtures	5,386	0	0	5,386
	<u>\$ 68,420</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,420</u>

IV. OTHER INFORMATION

A. Property Taxes

The Township levied .9055 mills for general operating purposes on a state taxable valuation of \$20,918,720.

The date of the levy was 12/1/03 at which time the taxes become an enforceable lien against the property. Taxes are due and payable to the Township Treasurer on or before February 28. After February 28, the property taxes are payable to the Osceola County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

B. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 3,701	\$ 0

Note - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Current Tax Collection Balance

The balance of \$1,370 remaining in the current tax collection fund at March 31, 2004 consists of current tax collections, interest earnings, and collection fees which will be transferred to the township General Fund.

D. Joint Fire District

The Township is a member of the Evert Area Joint Fire Department. The Fire Board maintains the records for the fire department. The Township's assessment for support of the fire department for 2003-2004 was \$13,246. The fire district is a joint venture supported by the City of Evert and the Townships of Evert, Orient, Osceola and Sylvan. The financial statements of the fire district are included in the City of Evert comprehensive annual financial report. The following information was taken from the City of Evert's June 30, 2003 audited financial statements.

Total Assets	\$ 122,348
Total Liabilities	804
Fund Balance	121,544
Total Revenues	68,245
Operating Transfers In	36,511
Total Expenditures	65,666
Net Increase (Decrease) in Fund Balance	39,090

A copy of these audited financial statements may be obtained upon request from the City Treasurer.

E. Retirement Plan

Effective June 26, 1991, the Township established a Simplified Employee Pension - Individual Retirement Account (SEP-IRA). The plan was established with Citizens Bank. The plan covers all employees who meet minimum participation requirements based on annual compensation. To be eligible for plan coverage each employee must be at least 18 years of age.

The formula for determining contributions is based on an employee's annual compensation. Annual compensation is based on compensation which coincides with the calendar year coinciding with or ending within the plan year. The Township has elected to contribute 7.5% of compensation to the plan annually.

The Township contributions to the plan for 2003-2004 plan year amounted to \$2,363.

Total wages for those covered under the plan was \$34,423 and total wages for all employees including non-covered payroll was \$36,399.

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The individual retirement account balances become the property of the employee immediately. Therefore, there are no plan assets or liabilities which are includible as part of the Township reporting entity.

F. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and employee injury. The Township carries commercial insurance to cover loss from these various risks.

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage in any of the past three fiscal years.

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 143,924
Money Market Account	8,143
Savings Account	3,409
Certificates of Deposit	124,787
Taxes Receivable	<u>2,955</u>
 TOTAL ASSETS	 <u><u>\$ 283,218</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 2,955
Payroll Withholdings	<u>847</u>
 Total Liabilities	 <u><u>\$ 3,802</u></u>

EQUITY

Reserved for Cemetery Perpetual Care	\$ 563
Unreserved	<u>278,853</u>
 Total Equity	 <u><u>\$ 279,416</u></u>
 TOTAL LIABILITIES AND EQUITY	 <u><u>\$ 283,218</u></u>

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 17,758	\$ 34,159	\$ 16,401
Licenses and Permits	1,724	1,375	(349)
State Grants	74,828	78,857	4,029
Charges for Services	466	631	165
Interest and Rents	4,224	3,771	(453)
Other Receipts	8,620	6,830	(1,790)
Total Receipts	\$ 107,620	\$ 125,623	\$ 18,003
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 4,707	\$ 3,783	\$ 924
General Government			
Supervisor	4,311	8,940	(4,629)
Election	172	0	172
Assessor	13,480	9,675	3,805
Clerk	9,377	10,500	(1,123)
Board of Review	1,040	950	90
Treasurer	9,926	10,289	(363)
Building and Grounds	11,582	10,486	1,096
Public Safety			
Fire Department	13,276	13,916	(640)
Public Works			
Highways, Streets, & Bridges	81,459	0	81,459
Community and Economic Development			
Planning and Zoning	5,030	4,878	152
Recreation and Cultural	6,034	5,681	353
Other Functions			
Employee Benefits	2,975	2,670	305
Total Disbursements	\$ 163,369	\$ 81,768	\$ 81,601
Excess of Receipts Over (Under) Disbursements	\$ (55,749)	\$ 43,855	\$ 99,604
<u>BALANCE - April 1, 2003</u>	235,561	235,561	0
<u>BALANCE - March 31, 2004</u>	\$ 179,812	\$ 279,416	\$ 99,604

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes 2002 Roll	\$ 15,634	
Current Property Taxes 2003 Roll	15,500	
Delinquent Property Taxes	2,594	
Penalties and Interest on Taxes	<u>431</u>	
Total Taxes		\$ 34,159

LICENSES AND PERMITS

Non-Business Licenses and Permits		1,375
-----------------------------------	--	-------

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		78,857

CHARGES FOR SERVICES

Dog Licenses	\$ 31	
Cemetery Lot Sales	<u>600</u>	
Total Charges for Services		631

INTEREST AND RENTS

Interest Earnings	\$ 3,701	
Rents	<u>70</u>	
Total Interest and Rents		3,771

OTHER RECEIPTS

Refunds and Rebates	\$ 4,163	
Sale of Timber	<u>2,667</u>	
Total Other Receipts		<u>6,830</u>
TOTAL RECEIPTS		<u>\$ 125,623</u>

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages	\$	2,297
--------------------	----	-------

Other Services and Charges

Insurance		750
-----------	--	-----

Memberships and Dues		461
----------------------	--	-----

Paying Agent Fee- Road Bond		250
-----------------------------	--	-----

Miscellaneous - Other		25
-----------------------	--	----

Total Legislative		\$ 3,783
-------------------	--	----------

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages	\$ 8,820	
--------------------	----------	--

Salaries and Wages- Per Diem		100
------------------------------	--	-----

Other Services and Charges

Miscellaneous - Other		20
-----------------------	--	----

Total Supervisor		\$ 8,940
------------------	--	----------

Assessor

Personal Services

Salaries and Wages	\$ 2,940	
--------------------	----------	--

Supplies

Postage		339
---------	--	-----

Other Services and Charges

Contracted Services		5,181
---------------------	--	-------

Miscellaneous - Other		890
-----------------------	--	-----

Education and Training		325
------------------------	--	-----

Total Assessor		9,675
----------------	--	-------

Clerk

Personal Services

Salaries and Wages	\$ 9,341	
--------------------	----------	--

Salaries and Wages- Per Diem		200
------------------------------	--	-----

Supplies

Office Supplies		560
-----------------	--	-----

Postage		226
---------	--	-----

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Other Services and Charges			
Transportation	12		
Education and Training	161		
Total Clerk		10,500	
Board of Review			
Personal Services			
Salaries and Wages		950	
Treasurer			
Personal Services			
Salaries and Wages	\$ 9,341		
Salaries and Wages- Per Diem	150		
Supplies			
Office Supplies	296		
Postage	50		
Other Services and Charges			
Contracted Services	370		
Transportation	63		
Printing and Publishing	19		
Total Treasurer		10,289	
Building and Grounds			
Supplies			
Operating Supplies	\$ 130		
Other Services and Charges			
Contracted Services	6,503		
Insurance	1,130		
Utilities	1,292		
Printing and Publishing	242		
Repairs and Maintenance	1,189		
Total Building and Grounds		10,486	
Total General Government			50,840
<u>PUBLIC SAFETY</u>			
Fire Department			
Personal Services			
Salaries and Wages- Per Diem		\$ 670	
Other Services and Charges			
Aid to Other Governments		13,246	
Total Public Safety			13,916

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

COMMUNITY AND ECONOMIC DEVELOPMENT

Planning and Zoning		
Personal Services		
Salaries and Wages	\$ 4,532	
Other Services and Charges		
Printing and Publishing	37	
Land Division Act	95	
Education and Training	214	
Total Community and Economic Development		4,878

RECREATION AND CULTURAL

Library		
Other Services and Charges		
Aid to Other Governments		5,681

OTHER FUNCTIONS

Employee Benefits		
Medicare and Social Security	\$ 307	
Pension	2,363	
Total Other Functions		2,670

TOTAL DISBURSEMENTS		\$ 81,768
---------------------	--	-----------

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 1,370

BALANCE

Balance	
Unreserved	\$ 1,370

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 397,500	
Delinquent Tax and Interest	1,290	
Interest Earnings	114	
Homestead Refunds	489	
Late Payment Penalty	367	
Tax Overpayments	733	
Total Receipts	<u>733</u>	\$ 400,493

DISBURSEMENTS

Payments to County Treasurer			
Current Tax			
County	\$ 161,806		
Delinquent Tax and Interest			
County	290		
State Education Tax	188	\$ 162,284	
Payments to Township Treasurer			
Current Tax - 2002 Tax Roll	\$ 15,634		
Current Tax - 2003 Tax Roll	15,500		
Delinquent Tax	29		
Late Payment Penalties	185		
Interest Earnings	245	31,593	
Payments to School Treasurer			
Evert Public Schools			
Current Tax	\$ 147,192		
Delinquent Tax and Interest	653	147,845	
Payments to Intermediate School Treasurer			
Mecosta-Osceola			
Current Tax	\$ 72,520		
Delinquent Tax and Interest	130	72,650	
Overpayment Refunds		<u>733</u>	
Total Disbursements			<u>415,105</u>
Excess of Receipts Over (Under) Disbursements			\$ (14,612)

BALANCE - April 1, 2003 15,982

BALANCE - March 31, 2004 \$ 1,370

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/2003	ADDITIONS	DELETIONS	BALANCE 3/31/2004
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 24,600	\$ 0	\$ 0	\$ 24,600
Buildings	27,378	0	0	27,378
Machinery and Equipment	11,056	0	0	11,056
Furniture and Fixtures	5,386	0	0	5,386
	<u>\$ 68,420</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,420</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS</u>				
	<u>\$ 68,420</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,420</u>

THIS PAGE INTENTIONALLY LEFT BLANK

OSCEOLA TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County	\$	191,726	
Township		18,937	
School			
Evart Public Schools		172,938	
Intermediate School			
Mecosta-Osceola		<u>85,930</u>	\$ 469,531

TAXES COLLECTED

County	\$	161,806	
Township		15,982	
School			
Evart Public Schools		147,192	
Intermediate School			
Mecosta-Osceola		<u>72,520</u>	<u>397,500</u>

TAXES RETURNED DELINQUENT

County	\$	29,920	
Township		2,955	
School			
Evart Public Schools		25,746	
Intermediate School			
Mecosta-Osceola		<u>13,410</u>	<u>\$ 72,031</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 22, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Osceola Township
Osceola County
Evart, Michigan

During the course of our audit of the general-purpose financial statements of Osceola Township for the year ended March 31, 2004, we noted the following items:

Current Tax Collection Fund Balance

As of March 31, 2004, a balance remained in the current tax collection fund. We recommend that any balance remaining in the current tax collection fund be paid out prior to the end of the fiscal year.

Government Accounting Standards Board (GASB) Statement 34

GASB has issued its new financial accounting model for governmental entities. This pronouncement will become effective for Osceola Township for its fiscal year ending March 31, 2005. The most significant change will be the requirement to report cost and depreciation information for fixed assets such as buildings and equipment. The board should be taking steps to accumulate this information. We are available to advise you on how to proceed with this project.

Budgeting

Pertaining to the Township's compliance with Public Act 621 of 1978, the following items are noted:

- (1) The cash disbursements for four activities in the General Fund exceeded the budget. The board should continue to monitor the budget and amend the budget before the disbursements are made. All budget amendments should be a resolution of the boards and recorded in the minutes.
- (2) Adoption of the 2003-2004 was not recorded in the Township's official board minutes. In the future, the budget resolution should be adopted by the Township board and approval of this resolution should be recorded in the Township board minutes.

We would like to thank the board for its continued confidence in our firm and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 22, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Osceola Township
Osceola County
Evart, Michigan

In planning and performing our audit of the general-purpose financial statements of Osceola Township, Osceola County, Evart, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.